



Eric Kaler, President of the University of Minnesota

Interview with The Civic Caucus

8301 Creekside Circle #920, Bloomington, MN 55437

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Notes of the Discussion

Present : Verne Johnson (chair), John Adams, Jon Bacal, David Broden, Audrey Clay, Janis Clay, Pat Davies, Paul Gilje, Randy Johnson, Annabelle Joyce, Sallie Kemper, Dan Loritz, Tim McDonald, Jim Olson (phone), Clarence Shallbetter

A. Summary of discussion : Eric Kaler, President of the University of Minnesota, describes the challenges facing the University due to declining state support and his vision for how the University can become a national leader despite the contraction in its funding.

B. Introduction of interviewee - Before he was named President of the University of Minnesota on July 1, 2011, Eric Kaler served as provost and senior vice president for academic affairs at Stony Brook University in Stony Brook, New York, and also as vice president for Stony Brook's management of the Brookhaven National Laboratory.

Prior to his tenure at Stony Brook, Kaler was a member of the faculty at the University of Delaware from 1989 through 2007. He served as chair of the Chemical Engineering Department from 1996 to 2000 and dean of the College of Engineering from 2000 to 2007. Kaler was named the Elizabeth Inez Kelley Professor of Chemical Engineering in 1998. He was an assistant professor and an associate professor of chemical engineering at the University of Washington from 1982-1989.

Kaler received his undergraduate degree from the California Institute of Technology in 1978 and his Ph.D. in chemical engineering from the University of Minnesota in 1982. Kaler is only the second U of M alumnus to become its president.

C. Discussion -

THE PROBLEM: Maintaining high quality at a price students can afford.

The core problem facing the University is maintaining a superior quality of education at a price that students can afford, Kaler said, noting that the upward pressure on tuition caused by declining state aid makes this particularly difficult. President Kaler made this point clearly and frequently during his conversation.

The University's state appropriation, adjusted for inflation, is \$127.5 million less this academic year than it was in 1997, even though the U's enrollment is up, its technology costs are up, and employee health care costs are up.

As well, the economic impact the University provides to the state is \$8.6 billion annually. The state's return on its investment is breathtaking: for every dollar the state invests in the U, the University infuses the state economy with \$13.20 ... a 13:1 rate of return.

"When people complain about tuition, I tell them to talk to legislators," Kaler said.

When asked about efficiency at the University, Kaler said that the ratio of student tuition to actual costs incurred by the University has decreased 12 percent over the past 10 years.

Nonetheless, two-thirds of University students carry debt after graduation. The average debt load for those students is about \$27,000.

Some debt is reasonable and should be accepted as an investment in oneself, Kaler argued. There is great value to earning a college degree from an excellent university. That value is seen in being a thoughtful and productive citizen, in helping to solve problems in one's life or community, and, studies show, in future earnings and career satisfaction.

The value proposition is clear: the ratio of excellence to cost equals value. The University of Minnesota is a great value in the higher education marketplace.

But, Kaler noted, in today's economy the real frustration people feel is when students graduate with a great and rigorously achieved degree, but with debt, and then can't find a job.

THE GOAL: Be a part of the conversation of the nation's great public universities.

"We're actually a much better institution right now than the public realizes," Kaler said.

The University's incoming Twin Cities freshman class in 2011 was, by all measures, the best qualified ever, with 167 National Merit Scholars, most for any public university in the Big Ten.

The University has one of the nation's best undergraduate research programs and a thriving Honors Program. Students are winning highly competitive national fellowships.

His vision for the university is that it be recognized among the very best overall, and to be the best of all in some fields, and that when Berkeley, Virginia and UCLA are mentioned, the University of Minnesota is, too.

THE STRATEGY:

Target areas in which to excel.

To deliver on the vision to be a top university, Kaler contends, the University needs to target its efforts: "We need to look at competencies and see what we are really good at."

"The Medical School should be one of those areas in which we excel. The Medical School needs to return to the level it reached 20 years ago. That requires increased funding, which can be achieved by increasing the flow of clinical dollars."

The Carlson School of Management is poised to move into the very top ranks of business schools nationally. The Twin Cities are home to 20 Fortune 500 companies - the highest number per capita of any state in the United States. The regents recently approved a differentiated tuition structure that will enable the business school to thrive financially and compete in recruiting.

The medical device industry began here, Kaler noted. Recently, 1,200 leaders of the medical device industry met on the University campus to discuss breakthroughs in this important global industry. This is just one indication of how the University's research and outreach missions intersect, Kaler said.

The University's role as the state's only comprehensive research institution drives discoveries that are translated into commercial opportunities and then onto the marketplace. The U research expertise helps to develop a talented and well-trained workforce for many industries in the state. And the research enables the U and private industry to partner. Add that all up, and one must conclude as well that the University also helps to improve the lives and health of countless people around the world.

The University is also among the national leaders in nanotechnology. This ranking is evidenced in part by the University's commitment to the construction of its new \$93 million center for physics and nanotechnology. Research and development in this area mean great opportunities for advancing the state's and nation's manufacturing, biomedical, and high-tech communities.

He added that the Twin Cities has the highest concentration of food expertise in the world, with companies like General Mills and Cargill located here. The University complements private industry with important research centers, such as Center for Animal Health and Food Safety, and the National Center for Food Protection and Defense, which is supported by the U.S. Department of Homeland Security.

"We are the Silicon Valley of the food industry," he said.

The University of Minnesota does particularly well in its research efforts, Kaler said, and comes in eighth in the nation among public universities for the amount of sponsored research it performs. Over the past five years, the University's growth rate in research funding is the fourth best among public universities in the nation.

All of these areas, and others with similar Minnesota connections and growth potential, can become a foundation for national and world leadership for the University and the state's economy. With a rigorous undergraduate experience and world-class graduate and professional school offerings, the

University produces the thought leaders of tomorrow, he said, adding that the U is at the heart of the state's talent supply chain, developing employees for the jobs of today, tomorrow, and the day after tomorrow.

Cultivate excellence from within.

Excellence can also be cultivated, Kaler said, as demonstrated by the University's nationally recognized chemical engineering department. He received his Ph.D. in chemical engineering from the U in 1982. The success of this department was certainly not pre-ordained in a state with virtually no chemical engineering presence.

"If you want a forest, plant trees," he said.

The chemical engineering department had visionary leadership that hired non-traditional faculty, Kaler said, that came in with different perspectives and brought a heavily mathematical and analytical approach to the field. They did pioneering work in the chemical engineering field that led to the University's prominence in this area.

The role of technology in the University's future.

A participant asked Dr. Kaler whether he saw technology playing a transformative role in the near future. The questioner suggested that historically after every major change in technology, education changed in fundamental ways. We're in a period of major change now. Is education in a position like "old media", as technological developments might portend the demise of newspapers?

The future of learning is going to be blended, Kaler responded. "As long as we have young people turning 18 we will need brick and mortar - places for them to gather, to mingle, to grow into independent adults. What will certainly change is what goes on at that brick and mortar institution."

Today, the quality of online instruction within the University system wide is highly variable, and he would rather see technology selectively merged with in-person, face-to-face learning.

In order to facilitate the introduction of effective technology, Kaler believes that the University needs to provide space and time for people to innovate within the teaching environment. It needs to be made an institutional priority, including in the allocation of resources.

"You'll see a rapid evolution in how people teach as younger people come into the University teaching ranks," he argued.

With that in mind, he recently announced to the faculty an initiative to use technology to improve teaching and learning. He has established a process to request proposals from faculty on all of the U's five campuses for innovative educational initiatives that will advance teaching and learning.

"I want our best thoughts about how to use modern tools to enable student success, and I want to pilot those ideas, adopt what works and spread it across our campuses," he said. "I would like to see a special focus on electronic textbooks as a way to reduce costs to students."

The University of Minnesota's role is distinct from MNSCU.

Kaler described the mission of the University as rigorous undergraduate teaching and learning, educating graduate students and professionals, and carrying out its responsibilities as a land-grant university.

The challenge is to prevent mission creep, he said - there is no need to duplicate across the University of Minnesota and MNSCU systems.

The University is producing the leaders of tomorrow, trained to communicate well, problem solve, work in teams and be prepared for the jobs of today, tomorrow and the day after tomorrow.

At the same time, the University and MnSCU have more than 200 ongoing partnerships right now, and the University accepts about 1,300 MnSCU transfer students every academic year. The two systems cooperate in many ways.

Moving away from state funding has serious implications.

A participant asked Kaler whether the University of Minnesota could move toward the University of Michigan model of high-tuition funding a high-quality, world-class university. There, the public funds only 10 percent of the schools operations, and students and grants fund the rest.

They are able to do this by bringing more than 40 percent of their incoming students from out of state, Kaler asserted, and charging them high out-of-state tuition. That's not the model Minnesota has chosen to follow. Seventy percent of students at the University of Minnesota are state residents. The University here is very much a Minnesota-based institution - and unless the University began charging twice its present tuition it couldn't make the Michigan model work.

Besides, the state of Michigan also has Michigan State, which is its land-grant institution. We are Minnesota's land-grant university, and with all the related missions of a land-grant: a commitment to agriculture - including veterinary medicine - and to statewide community outreach and engagement via Extension and research centers.

We at Minnesota do a lot outside of the core educational mission that relies on state support. Extension is a good example. If the state fails to provide adequate funding, it deeply affects our broad and diverse land-grant mission and our ability to support it.

D. Conclusion -

Before the session concluded a member asked Kaler about the recent controversy regarding compensation of outgoing executives at the University.

He drew a distinction between salary and retirements. "When you talk about compensation - what we pay a person to do a job - I'm less concerned about salary levels because the market is usually pretty clear about that. I do, however, watch carefully transition packages that pay an administrator to return to the faculty."

Kaler has spoken to legislative committees and the University's Board of Regents about this issue. While the previous president acted within University policy, which gives the president discretion, Kaler said he views the packages as "very generous," and that his approach will be different.

He added: "It is important that we demonstrate transparency, that we be held accountable, and that we earn the public's trust" in every action he takes.

He told the legislative committees and Regents that he will be working with his senior leadership team at the U and the Regents to review all of the University's compensation policies and practices, and that he will make any changes the University's leadership deems necessary and appropriate.

The chair thanked Kaler for the very informative meeting.